



# STATE OF CONNECTICUT

## DEPARTMENT OF PUBLIC UTILITY CONTROL

**Anthony J. Palermino**

*Commissioner*

### THE ENERGY & TECHNOLOGY COMMITTEE

#### **House Bill 6303: AAC COMPENSATION OF UTILITY OFFICERS, DIRECTORS AND EMPLOYEES**

**February 3, 2009**

#### **TESTIMONY OF COMMISSIONER ANTHONY PALERMINO**

The DPUC supports the passage of this proposal subject to one change. This Proposal requires that in all rate proceedings the Department: 1) set rates for compensation of utility executive officers as well as their utility employees; 2) provides the DPUC with full powers to achieve this legislative directive. In the Department's opinion, the level of executive compensation relates directly to the adequacy and suitability of the company to provide adequate service. However, the Department fails to see the rationale behind capping the executive compensation to no more than two times the statutory salary provided to the Governor. The Department does currently impose limits on compensation through the earnings sharing mechanisms component of rates.

Recently, in Docket No. 08-01-16, the Department determined that the public has a right to know this information in order to make informed decisions regarding their choice of service provider. In Docket No. 08-01-16, the Department ordered each public utility, with the exception of holders of CCFAs, as defined in Conn. Gen. Stat. § 16-1, to provide to the Department its executive and officer compensation in an agreed upon format. This Docket went final on December 3, 2008.

The purpose of the above noted proposed bill would enable the Department to take this information and use it to set limits on executive compensation for the gas, electric and water companies only.